Claims:

1.   A method of providing a monetary incentive to a provider responsible for

treatment decisions of a patient with a condition during an episode of care comprising the

steps of:

5   obtaining the patient identity and the condition of the patient;

associating a baseline value related to treatment of the condition to the episode of

care;

summing a plurality of claims processed during the episode of care of the patient

for the condition to obtain a total treatment cost; and

10   determining a monetary incentive to provide the provider if the total treatment

cost is less than the baseline value.

2.   A method according to claim 1 wherein the patient is associated with a health care

organization and the step of determining determines another monetary incentive to

15   provide to the health care organization if the total treatment cost is less than the baseline

value.

3.   A method according to claim 2 wherein the health care organization is associated

with an incentive administrator, and the step of determining determines a further

20   monetary incentive to provide to the incentive administrator if the total treatment cost is

less than the baseline value.

4.   A method according to claim 3 wherein the monetary incentive, the another monetary incentive and the further monetary incentive are equal.

5.   A method according to claim 4 wherein the monetary incentive, the another monetary incentive and the further monetary incentive are determined based upon the amount that the total treatment cost is less than the baseline value.

6.   A method according to claim 1 wherein the monetary incentive is determined based upon the difference between the total treatment cost and the baseline value, such that the greater the difference, the greater the monetary incentive.

7.   A method according to claim 1 wherein during the treatment of the patient for the condition during the episode of care the patient encounters an additional condition and the step of associating the baseline value further includes the step of adjusting the baseline value to account for the additional condition.

8.   A method according to claim 7 wherein the additional condition creates another episode of care and further including the steps of:

        associating another baseline value related to the treatment of the additional condition, the another baseline value being adjusted to account for the condition;

        summing another plurality of claims processed for the another episode of care of the patient for the additional condition to obtain another total treatment cost; and

determining another monetary incentive to provide to the provider if the another

total treatment cost is less than the another baseline value.

9.   A method according to claim 1 wherein during the treatment of the patient for the

5   condition during the episode of care the patient encounters an additional that creates

another episode of care and further including the steps of:

associating another baseline value related to the treatment of the additional

condition;

summing another plurality of claims processed for the another episode of care of

10   the patient for the additional condition to obtain another total treatment cost; and

determining another monetary incentive to provide to the provider if the another

total treatment cost is less than the another baseline value.

10.   A method according to claim 1 wherein:

15   the steps of identifying, associating, summing and providing are repeated for each

of a plurality of different episodes of care for a respective plurality of different patients;

and

the monetary incentive is obtained in the step of providing for each episode of

care in which the treatment cost is less than the baseline value, but any episode of care in

20   which the treatment cost is greater than the baseline value is not used to reduce the

incentive provided.

11.   A method according to claim 1 further including the step of the health care

organization determining a base payment to the provider exclusive of the incentive.

12.   A method according to claim 11 wherein the base payment is a fee-for-service.

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13.   A method according to claim 1 wherein the patient does not complete treatment

during the episode of care and wherein the step of associating the baseline value further

includes the step of adjusting the baseline value to account for the treatment not being

completed.

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14.   A method according to claim 1 wherein the steps of identifying,

associating, summing and determining are automatically implemented using a computer

system.

15   15.   A method according to claim 14 further including the step of determining

the baseline value prior to the step of associating.

16.   A method according to claim 15 where the step of determining the

baseline value establishes the baseline value using a plurality of data relating to a

20   plurality of previous episodes of care for the same condition.

17.   A method according to claim 16 wherein prior to the step of determining

the baseline is the step of filtering to remove outlier episodes of care for the same

condition to thereby establish the plurality of data relating to a plurality of previous

episodes of care for the same condition.

18.　　　　A method of automatically processing claims to determine an incentive

5　comprising the steps of:

obtaining data relating to a plurality of different claims for a plurality of episodes

of care relating to a plurality of conditions for a plurality of different patients during a

period of time, each different claim identifying the patient to which the claim

corresponds;

10　　　　　processing the claims data to determine a responsible provider for each episode

of care;

further processing the claims data to determine a total cost for each completed

episode of care;

comparing a total cost for each completed episode of care with a baseline value to

15　obtain a savings for each completed episode of care; and

determining an incentive for the responsible provider associated with each

episode of care using the determined savings .

19.　A method according to claim 18 wherein the step of processing the claims data to

20　determine the responsible provider includes, for each patient:

identifying a plurality of physicians who ordered procedures for the patient;

identifying a defining procedure for the condition if the defining procedure exists;

assigning as the responsible provider that physician who performed the defining

procedure if the defining procedure exists; and

if the defining procedure does not exist, then assigning as the responsible provider

that physician who was responsible for incurring a predetermined percentage of costs for

5   the episode of care.

20.   A method according to claim 19 further including the step of checking whether

the responsible provider also performed a termination procedure associated with the

condition to verify the responsible provider designation.

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21.   A method according to claim 19, wherein, if there was no provider responsible for

the predetermined percentage of costs, then assigning as the responsible provider that

provider who was responsible for incurring a second predetermined percentage of costs

for the episode of care that is less than the predetermined percentage of costs and was

15   responsible for an initial diagnosis of the condition.

22.   A method according to claim 21 wherein the predetermined percentage of costs is

85% and the second predetermined percentage is 50%.

20   23.   A method according to claim 19, wherein, if there was no provider responsible for

the predetermined percentage of costs, then assigning as the responsible provider that

provider who was responsible for incurring a second predetermined percentage of costs

for the episode of care that is less than the predetermined percentage of costs and was a

physician specialist who was the first to bill the patient.

24.   A method according to claim 19, further including the step of wherein the

5   predetermined percentage is 85%.

25.   A method according to claim 18 wherein the baseline value is adjusted for

comorbidity.

10   26.   A method according to claim 18 wherein the baseline value is pro-rata adjusted to

take into account an actual length of the episode of care.

27.   A method according to claim 26 wherein the actual length of the episode of care

is compared with an average length for that type of episode of care to determine the pro-

15   rata adjustment.

28.   A method according to claim 18 wherein the incentive is determined to be zero if

gaming is detected.

20   29.   A method according to claim 18 wherein the incentive is determined to be zero if

the episode of care was for an emergency room procedure.

30.   A method according to claim 18 wherein the incentive is determined to be zero if

an outlier indicator is set.

31.   A method of operating upon claims for services rendered to a plurality of patients

5   for the treatment of a plurality of conditions comprising the steps of:

receiving a plurality of claims for a plurality of patients; filtering the received

plurality of claims for services rendered to patients over a period of time so that each

filtered claim includes at least a patient identifier and a procedure code indicating the

procedure performed, there being a plurality of procedure codes available for assigning;

10   grouping the filtered claims to determine those claims corresponding to an

episode of care for a condition for which each patient is being treated;

for each episode of care, assigning a episode payment group code to each claim

that has been grouped to correspond to that episode of care, the episode payment group

indicating the condition for which the patient is being treated;

15   for each episode of care, determining whether that episode of care is completed;

and

providing a list of completed episodes of care.

32.   A method according to claim 31 wherein certain claims include an identification

20   of a provider who ordered at least certain of the procedures; and

further including the step of determining a responsible provider for each

completed episode of care.

33.   A method according to claim 32 wherein a plurality of providers ordered

procedures for at least one of the completed episodes of care and wherein the step of

determining the responsible provider includes the step of reconciling which if any of the

plurality of providers who ordered procedures are the responsible provider.

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34.   A method according to claim 33 further including the step of determining whether

the responsible provider is entitled to a monetary incentive for each corresponding

completed episode of care.

10   35.   A method according to claim 34 wherein at least one of the claims relating to the

at least one completed episode of care also contains an initial diagnosis code, and the at

least one claim is used in determining the amount of the monetary incentive for the

responsible provider for that at least one episode of care.

15   36.   A method according to claim 35 wherein the at least one claim is used to

determine a diagnosing provider, and wherein if the responsible provider is the same as

the diagnosing provider, then the responsible provider receivers a greater incentive than if

the responsible provider is not the same as the diagnosing provider.

20   37.   A method according to claim 31 wherein the step of filtering includes the steps of:

removing any multiple claims: and

identifying claims corresponding to a previously completed episode of care; and

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38.   A method according to claim 31 further including the step of determining whether the submitted claims for any patient are indicative of gaming.

39.   A method according to claim 38 wherein the step of determining includes a step

5   of checking for the presence of a serial episode.

40.   A method according to claim 39 wherein the step of determining includes a step of checking for diagnosis upcoding.

10   41.   A method according to claim 31 wherein the step of filtering includes the step of checking for claims containing procedures for which treatment is not allowed for the condition.

42.   A method according to claim 31 further including the steps of:

15   further processing the claims related to each completed episode of care to determine a total cost for each completed episode of care;

          comparing a total cost for each completed episode of care with a baseline value to obtain a savings for each completed episode of care; and

          determining an incentive for the responsible provider associated with each

20   episode of care using the determined savings .

43.   A method according to claim 42 wherein the baseline value is adjusted for comorbidity.

44.   A method according to claim 42 wherein the baseline value is pro-rata adjusted to take into account an actual length of the episode of care.

5   45.   A method according to claim 44 wherein the actual length of the episode of care is compared with an average length for that type of episode of care to determine the pro-rata adjustment.

46.   A method according to claim 42 wherein the incentive is determined to be zero if 10 gaming is detected.

47.   A method according to claim 42 wherein the incentive is determined to be zero if the episode of care was for an emergency room procedure.

15   48.   A method according to claim 42 wherein the incentive is determined to be zero if an outlier indicator is set.

49.   A method of automatically processing a plurality of claims data for a patient treated for a condition to determine a responsible provider for an episode of care 20   comprising:

identifying a plurality of physicians who ordered procedures for the patient;

identifying a defining procedure for the condition if the defining procedure exists;

assigning as the responsible provider that physician who performed the defining

procedure if the defining procedure exists; and

if the defining procedure does not exist, then assigning as the responsible provider

that physician who was responsible for incurring a predetermined percentage of costs for

5   the episode of care.

50.   A method according to claim 49 further including the step of checking whether

the responsible provider also performed a termination procedure associated with the

condition to verify the responsible provider designation.

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51.   A method according to claim 49, wherein, if there was no provider responsible for

the predetermined percentage of costs, then assigning as the responsible provider that

provider who was responsible for incurring a second predetermined percentage of costs

for the episode of care that is less than the predetermined percentage of costs and was

15   responsible for an initial diagnosis of the condition.

52.   A method according to claim 51 wherein the predetermined percentage of costs is

85% and the second predetermined percentage is 50%.

20   53.   A method according to claim 49, wherein, if there was no provider responsible for

the predetermined percentage of costs, then assigning as the responsible provider that

provider who was responsible for incurring a second predetermined percentage of costs

for the episode of care that is less than the predetermined percentage of costs and was a

physician specialist who was the first to bill the patient.

54.   A method according to claim 49, further including the step of wherein the

5   predetermined percentage is 85%.

55.   An apparatus for determining an amount of a monetary incentive to provide to a

physician responsible for treatment decisions of a patient with a condition during an

episode of care comprising:

10   a computer system including:

          means for inputting data including the patient identity and the condition of the

patient into;

          means for associating a baseline value related to treatment of the condition to the

episode of care;

15   means for summing a plurality of claims processed during the episode of care of

the patient for the condition to obtain a total treatment cost; and

          means for determining a monetary incentive to provide the provider if the total

treatment cost is less than the baseline value.